



Carlos Jackson
Executive Director

**HOUSING AUTHORITY
of the County of Los Angeles**

Administrative Office

2 Coral Circle • Monterey Park, CA 91755

323.890.7001 • TTY: 323.838.7449 • www.lacdc.org



Gloria Molina
Yvonne Brathwaite Burke
Zev Yaroslavsky
Don Knabe
Michael D. Antonovich
Commissioners

June 5, 2007

Honorable Board of Commissioners
Housing Authority of the
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Commissioners:

**APPROVE THE FISCAL YEAR 2007-2008 BUDGET OF THE HOUSING AUTHORITY
(ALL DISTRICTS)
(3 Vote)**

**IT IS RECOMMENDED THAT THE BOARD OF COMMISSIONERS OF THE HOUSING
AUTHORITY:**

1. Adopt the attached Resolution (Attachment A) approving the Housing Authority's Fiscal Year 2007-2008 Budget, which includes revenues and expenditures of \$286,120,000.
2. Instruct the Chair to sign the Resolution approving the Housing Authority's Fiscal Year 2007-2008 Budget, and the related Transmittal Resolution (Attachment B) certifying submission of the budget by your Board to the U.S. Department of Housing and Urban Development (HUD).
3. Instruct the Chair to adopt and sign the attached Resolution (Attachment C) approving the cost allocation model developed in conjunction with the Housing Authority's outside auditors, Klynveld Peat Marwick Goerdeler (KPMG), in April 2002.
4. Authorize the Housing Authority to institute a General Salary Adjustment at a maximum combined amount of 10% over the next 3 years, as approved by the Board of Supervisors for County non-represented employees.

5. Instruct the Executive Director to implement the Budget and take all related actions, including execution of all required documents, for the purposes described herein following approval as to form by County Counsel.
6. Find that the approval of the Budget is not subject to the California Environmental Quality Act (CEQA), as described herein, because the activities are not defined as a project under CEQA.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS:

The purpose of this action is to approve the Fiscal Year 2007-2008 Budget of the Housing Authority. HUD requires that the Board of Commissioners approve the Fiscal Year 2007-2008 Budget prior to the release of funds for continued operation of the Housing Choice Voucher (Section 8) Program, the Conventional Public Housing Program, and seven residential and community assistance programs.

In a recent financial management review conducted by HUD, it was recommended that the Housing Authority receive formal approval for its cost allocation plan that was developed in 2002 by KPMG, a national accounting and auditing firm. The details of the allocation plan were submitted to your Board under separate cover on May 9, 2007.

During a review of the Commission and Housing Authority's compensation study in October 2006, it was recommended that the agency implement a general salary adjustment in order to help retain staff. This is a new endeavor and it is being modeled after the County's general salary adjustment. The Chief Administrative Officer's (CAO) staff concurred with the recommendation and advised the Housing Authority to keep its increases comparable to non-represented County employees, who were authorized on November 21, 2006 to receive a 10% salary adjustment over the next 3 years. The Housing Authority has budgeted for, and is recommending, a 5% adjustment for all employees effective July 1, 2007, and 2.5% on July 1st for the remaining two years.

FISCAL IMPACT/FINANCING:

The Fiscal Year 2007-2008 Budgets total \$430,278,700, which is comprised of \$144,158,700 for the Commission and \$286,120,000 for the Housing Authority. The budgets consist primarily of federal funding provided by HUD for housing and community development programs. Local revenue sources consist of public housing dwelling rental income and redevelopment tax increment funds, including those administered on behalf of the City of Industry.

The Housing Authority's Fiscal Year 2007-2008 Budget of \$286,120,000 is an increase of \$9,098,600 over Fiscal Year 2006-2007. This increase is primarily due to the availability of

additional funding from reserves for the Section 8 Housing Assistance Payments (HAP) to landlords. In addition, the Office of Community and Educational Partnerships (OCEP) is now included under the Housing Authority at a total budget of \$1,867,600. The budget also includes a request to the CAO for \$410,000 in County general funds to support the University of California Cooperative Extension Program.

The Commission and Housing Authority will continue to monitor federal regulatory and legislative developments, and review cost-reduction measures to respond to the changing needs in the County to mitigate any future reductions in federal funding.

MAJOR FUNDING SOURCES

In Fiscal Year 2007-2008, Housing Authority programs will be supported by four major funding sources. The Conventional Public Housing Program funding is comprised primarily of \$6.2 million in operating subsidies, \$11.4 million in rent revenues, and \$11.1 million in public housing modernization funds. Section 8 revenue is budgeted at \$230.4 million.

A total of \$12.3 million in Commission and Housing Authority general funds and reserves are budgeted for Fiscal Year 2007-2008. These funds will be used for priority initiatives that require additional funding, such as technology enhancement projects to increase productivity and quality of services, and support services that promote self-sufficiency for families participating in Housing Authority programs.

As required under California Government Code section 65584.3, the Housing Authority receives allocations of tax increment funds from the City of Industry to develop housing for low-income individuals, families, and special needs populations. These funds, budgeted at \$9,011,600, are allocated to the Housing Authority and are included in its Budget, but are administered by the Community Development Commission, which also serves as the redevelopment agency for the County. To date, a total of \$119 million has been awarded in City of Industry funds, leveraging approximately \$790 million to develop 4,511 units of affordable rental, homeownership and special needs housing units.

STAFFING

In Fiscal Year 2007-2008, the number of regular positions will remain constant.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

In January 2001, the Housing Authority, with the concurrence of the County Auditor-Controller, developed an administrative policy for establishing a capital budget. Fiscal Year 2007-2008 marks the seventh year the Housing Authority will be submitting a capital budget that details ongoing and future projects. The Fiscal Year 2007-2008 operating budgets include \$3.9 million in Housing Authority capital projects.

On May 22, 2007, your Board approved the 2007-2008 One Year (Action Plan) for the allocation of federal funds, which includes the planned use of CDBG funding by the Housing Authority. The Action Plan was created with citizen input, as required by federal regulations. The recommendations approved by your Board are reflected in the proposed Fiscal Year 2007-2008 Budgets. A total of \$4,591,896 in CDBG funds allocated by HUD will be administered for public housing improvements and resident services. The total CDBG allocation is comprised of \$933,000 carried over from Fiscal Year 2006-2007, and the new allocation of \$3,658,896 for Fiscal Year 2007-2008.

Adoption of the attached Resolutions approving the Fiscal Year 2007-2008 Budget is necessary to establish new fiscal year appropriation authorities for the Housing Authority, to receive funding, and to comply with Federal Notice 94-66 (Public Housing Authority) from HUD's Office of Public and Indian Housing issued September 21, 1994. HUD Form 52574 must also be approved by your Board to certify approval of the Housing Authority's operating budget.

County Counsel has approved the attached Resolutions as to form. On April 25, 2007, the Housing Commission recommended approval of the Housing Authority Fiscal Year 2007-2008 Budget and related actions.

CONTRACTING PROCESS:

City of Industry Tax Increment Funds are allocated to developers through an annual competitive proposal process. These funds are used to develop multi-family rental, senior rental, affordable for-sale and special needs housing within a 15-mile radius of the City of Industry.

The CDBG funds are allocated to projects that address housing needs within the County.

ENVIRONMENTAL DOCUMENTATION:

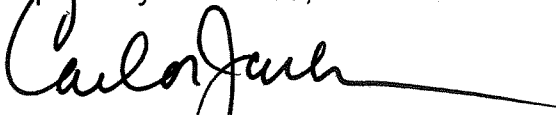
Approval of the Housing Authority's Fiscal Year 2007-2008 Budget is exempt from the provisions of the National Environmental Policy Act pursuant to 24 Code of Federal Regulations, Part 58, Section 58.34 (a)(3) because they involve administrative activities that will not have a physical impact or result in any physical changes to the environment. The activities are not subject to the provisions of the California Environmental Quality Act (CEQA), pursuant to State CEQA Guidelines 15060(c)(3) and 15378(b), because they are not defined as a project under CEQA and do not have the potential for causing a significant effect on the environment.

IMPACT ON CURRENT SERVICES AND PROJECTS:

Approval of the Fiscal Year 2007-2008 Budget will enable the Housing Authority to conduct program activities to benefit low- and moderate-income residents of the County.

Honorable Board of Commissioners
June 5, 2007
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Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Carlos Jackson', with a long horizontal flourish extending to the right.

CARLOS JACKSON
Executive Director

Attachments: 3

RESOLUTION APPROVING THE FISCAL YEAR 2007-2008
BUDGET OF THE HOUSING AUTHORITY OF THE
COUNTY OF LOS ANGELES

WHEREAS, the Board of Commissioners of the Housing Authority of the County of Los Angeles has received the Budget for Fiscal Year 2007-2008 and has found:

1. That the proposed expenditures are necessary for the efficient and economical operation of housing programs for the purpose of serving low-income families.
2. That the budget is reasonable in that:
 - (a) It indicates a source of funding adequate to cover all proposed expenditures.
 - (b) It does not provide for use of federal funding in excess of that payable under the provisions of 24 Code of Federal Regulations Section 990.
3. That all proposed rental charges and expenditures will be consistent with provisions of law and the Annual Contributions Contracts with the U.S. Department of Housing and Urban Development.
4. That no employee serving in a variety of positions is reflected in the operating budget as serving an aggregate amount of time exceeding 100 percent.
5. That the U.S. Department of Housing and Urban Development requires that the use of Section 8 Operating Reserve funds for other housing purposes, in the amount of \$50,000 or greater, must be approved by the Board of Commissioners.

WHEREAS, it is necessary for the Board of Commissioners of the Housing Authority of the County of Los Angeles to adopt an annual budget.

NOW, THEREFORE, the Board of Commissioners of the Housing Authority of the County of Los Angeles, hereby resolves as follows:

1. The above recitals are true and correct.
2. The Housing Authority of the County of Los Angeles adopts the following budgeted revenues and appropriations for Fiscal Year 2007-2008, as set forth in the Annual Budget for the Housing Authority of the County of Los Angeles:

Estimated Funding	<u>\$286,120,000</u>
Expenditure and Reserve Appropriations:	<u>\$286,120,000</u>

3. The use of Section 8 Operating Reserve funds for other housing purposes, in the amount of \$50,000 or greater, must be approved by the Board of Commissioners.
4. This Resolution shall take effect immediately.

APPROVED AND ADOPTED by the Board of Commissioners of the Housing Authority of the County of Los Angeles on this 5th day of June, 2007.

ATTEST:
SACHI A. HAMAI
Executive Officer-Clerk of
the Board of Commissioners

By: [Signature]
Deputy

APPROVED AS TO FORM:
RAYMOND G. FORTNER, JR.
County Counsel

By: [Signature]
Deputy

By: [Signature]
Chair, Los Angeles County



PHA Board Resolution
Approving Operating Budget

U.S. Department of Housing
and Urban Development
Office of Public and Indian Housing -
Real Estate Assessment Center (PIH-REAC)

ATTACHMENT B

OMB No. 2577-0026
(exp. 10/31/2009)

Public reporting burden for this collection of information is estimated to average 10 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

This information is required by Section 6(c)(4) of the U.S. Housing Act of 1937. The information is the operating budget for the low-income public housing program and provides a summary of the proposed/budgeted receipts and expenditures, approval of budgeted receipts and expenditures, and justification of certain specified amounts. HUD reviews the information to determine if the operating plan adopted by the public housing agency (PHA) and the amounts are reasonable, and that the PHA is in compliance with procedures prescribed by HUD. Responses are required to obtain benefits. This information does not lend itself to confidentiality.

PHA Name: Housing Authority of the County of Los Angeles PHA Code: CA002

PHA Fiscal Year Beginning: July 1, 2007 Board Resolution Number: A-1

Acting on behalf of the Board of Commissioners of the above-named PHA as its Chairperson, I make the following certifications and agreement to the Department of Housing and Urban Development (HUD) regarding the Board's approval of (check one or more as applicable):

DATE

- ☒ Operating Budget approved by Board resolution on: 06/05/2007
- ☐ Operating Budget submitted to HUD, if applicable, on: _____
- ☐ Operating Budget revision approved by Board resolution on: _____
- ☐ Operating Budget revision submitted to HUD, if applicable, on: _____

I certify on behalf of the above-named PHA that:

1. All statutory and regulatory requirements have been met;
2. The PHA has sufficient operating reserves to meet the working capital needs of its developments;
3. Proposed budget expenditure are necessary in the efficient and economical operation of the housing for the purpose of serving low-income residents;
4. The budget indicates a source of funds adequate to cover all proposed expenditures;
5. The PHA will comply with the wage rate requirement under 24 CFR 968.110(c) and (f); and
6. The PHA will comply with the requirements for access to records and audits under 24 CFR 968.110(i).

I hereby certify that all the information stated within, as well as any information provided in the accompanying documents with, if applicable, is true and accurate.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012.31, U.S.C. 3729 and 3802)



Print Board Chairperson's Name: Zev Yaroslavsky, Chair	Signature: <i>Zev Yaroslavsky</i>	Date: 06/05/2007
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ATTEST: SACHIA HAMAI
EXECUTIVE OFFICER

Previous editions are obsolete **CLERK OF THE BOARD OF SUPERVISORS**

form HUD-52574 (08/2005)

By *Sefaria J. Villalobos* Deputy

RESOLUTION APPROVING THE FISCAL YEAR 2007-2008
COST ALLOCATION PLAN OF THE HOUSING AUTHORITY OF THE
COUNTY OF LOS ANGELES

WHEREAS, the Board of Commissioners of the Housing Authority of the County of Los Angeles has received the Cost Allocation Plan for Fiscal Year 2007-2008 and has found:

1. That the proposed cost allocation plan is a reasonable and supportable methodology of allocating centralized administration costs to housing and/or development programs.
2. That the proposed cost allocation plan will be consistent with cost principles set forth in the Office of Management & Budget (OMB) Circular A-87, Cost Principles for State, Local and Indian Tribal Governments and other generally applied cost allocation methods.

WHEREAS, it is necessary for the Board of Commissioners of the Housing Authority of the County of Los Angeles to adopt a cost allocation plan.

NOW, THEREFORE, the Board of Commissioners of the Housing Authority of the County of Los Angeles, hereby resolves as follows:

1. The above recitals are true and correct.
2. The Housing Authority of the County of Los Angeles adopts the following cost allocation plan.
3. The U.S. Department of Housing and Urban Development (HUD) requires that a cost allocation plan be formally adopted by the governing body.
4. This resolution shall take effect immediately following Board approval and will be effective until a major change is made in the methodology, whereas the new cost allocation plan will be submitted for approval by the governing body.

APPROVED AND ADOPTED by the Board of Commissioners of the Housing Authority of the County of Los Angeles on the 5th day of June, 2007.

ATTEST:

SACHI A. HAMAI
Executive Officer – Clerk of
The Board of Commissioners

By: [Signature]
Deputy

By: [Signature]
Chair of the Board of
Commissioners

APPROVED AS TO FORM:
RAYMOND G. FORTNER, JR.
County Counsel

By: [Signature]
Deputy

